

**CITY OF CORYDON**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD  
JULY 1, 2015 THROUGH JUNE 30, 2016**

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City of Corydon

## City of Corydon

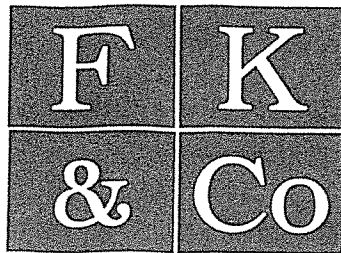
### Officials

(Before January 2016)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rodney Parham	Mayor	Jan 2016
Kenneth Holmes	Council Member	Jan 2016
Eric Jaeckel	Council Member	Jan 2016
Rick Schmidt	Council Member	Jan 2016
Dennis Moorman	Council Member	Jan 2018
Nathan Bennett	Council Member	Jan 2018
Ann Stevens	Clerk	Jan 2016
Verle Norris	Attorney	Jan 2016

(After January 2016)

<u>Name</u>	<u>Title</u>	<u>Expires</u>
Rodney Parham	Mayor	Jan 2018
Kenneth Holmes	Council Member	Jan 2020
Eric Jaeckel	Council Member	Jan 2020
Brian Vandersluis	Council Member	Jan 2018
Dennis Moorman	Council Member	Jan 2018
Nathan Bennett	Council Member	Jan 2018
Ann Stevens	Clerk	Jan 2018
Verle Norris	Attorney	Jan 2018



FALLER, KINCHELOE & CO, PLC

Certified Public Accountants

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor  
and Members of City Council:

We have performed procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide certain minimum oversight of Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Corydon for the period July 1, 2015 through June 30, 2016. The City of Corydon's management, which agreed to the performance of the procedures performed, is responsible for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. We reviewed the City's fiscal year 2016 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. We reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.

8. We reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. We reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. We reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
11. We reviewed voter approved levies for proper authorization in accordance with Chapter 384.12 of the Code of Iowa.
12. We reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
13. We reviewed transfers between funds for propriety, proper authorization, and accurate accounting.
14. We reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
15. We reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

These agreed upon procedures do not constitute an audit of financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Had we performed additional procedures, or had we performed an audit of the City of Corydon, additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Corydon and other parties to whom the City of Corydon may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Corydon during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
Faller, Kincheloe & Co, PLC

Des Moines, Iowa  
November 30, 2016

## Detailed Recommendations

CITY OF CORYDON  
DETAILED RECOMMENDATIONS  
For the period July 1, 2015 through June 30, 2016

(A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one or two individuals have control over each of the following areas for the City of Corydon (City) and the Corydon Public Library:

1. Cash – handling, reconciling and recording.
2. Receipts – opening mail, collecting, depositing, journalizing, reconciling and posting.
3. Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.
4. Payroll – recordkeeping, preparation and distribution.
5. Utilities – billing, collecting, depositing and posting.
6. Financial reporting – preparing and reconciling.
7. Journal entries – preparing and journalizing.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the City and the Corydon Public Library should review their control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be evidenced by the signature or initials of the reviewer and the date of the review.

(B) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Rodney Parham, Mayor Owner of Rod's Auto, Inc.	Tires, parts, service on vehicles	\$2,190
Kenny Holmes, Council Member Owner of Holmes Tiling, Inc.	Repairs	\$2,406

In accordance with Chapter 362.5(3)(k) of the Code of Iowa, the transactions do not appear to represent a conflict of interest since total transactions with each business were less than \$2,500 during the fiscal year.

(C) Financial Condition – At June 30, 2016, the City had a deficit balance of \$148,921 in the Capital Project, Swimming Pool Project Fund.

Recommendation – The City should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial condition.



CITY OF CORYDON  
DETAILED RECOMMENDATIONS  
For the period July 1, 2015 through June 30, 2016

(D) Library Deposit Timeliness – Library receipts are deposited approximately once per month.

Recommendation – The Library should implement procedures to ensure all receipts are deposited on a timely basis. For better control purposes, Library receipts should be deposited more timely, preferably daily or when cash and checks on hand exceed \$100.

(E) Certified Budget – There was no indication in the City Council minutes that the budget was approved by the City Council. Chapter 384.16 of the Code of Iowa states, in part, “... the Council shall adopt by resolution a budget...”

The City’s budget documents did not list one of the City’s long-term debt issues on the budget’s long-term debt schedule filed with the State of Iowa.

Recommendation – The City should implement procedures to ensure all budgets are approved by the City Council and are adopted by resolution of the City Council in accordance with the Code of Iowa requirements. Also, all long-term debt issues should be recorded on the budget’s long-term debt schedule filed with the State of Iowa.

(F) Official Depositories – A resolution naming official depositories was adopted by the City Council as required by Chapter 12C.2 of the Code of Iowa. However, at times during the fiscal year, the deposit amounts in the bank exceeded the depository resolution amounts.

Recommendation – A resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the City Council as required.

(G) Payroll – The wage rates for four of five employees tested were not documented as approved by the City Council.

Recommendation – The approved hourly rate of each employee should be adequately documented in the City Council minutes.